

Accession of the four Visegrad countries to the EU

Costs for the
agricultural budget

lei-dlo



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ACCESSION OF THE FOUR VISEGRAD COUNTRIES TO THE EU

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ABSTRACT

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With the aid of three scenarios estimates are made of the costs of accession of the four Visegrad countries in the year 2000 for the EU agricultural budget. These scenarios come about by means of a brief discussion of various options that exist for agricultural (price) policy in the Central European countries in question. The results of these calculations are compared with the results of some other estimates of accession costs.

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PREFACE

The Visegrad countries have already included in the Association agreements with the EU in 1991 their intention to pursue accession to the European Union. In April 1994 Hungary and Poland submitted an official request for membership of the EU. It is expected that in the near future a similar request will be made by the Czech Republic and Slovakia. The EU is in principle prepared to include the countries on the eastern border in the Union in due course, but at the same time adopts a reticent attitude to the time at which and the terms on which that is possible. These factors are closely bound up with the political and economic developments in the candidate member states in the years to come.

Furthermore, within the present EU consideration will also have to be given to the implications of expansion towards the East. That the agricultural policy of the EU will be a central point for discussion in this goes without saying, having regard to the importance of this field of policy in the Union. Doubtless considerable attention will have to be devoted to gearing agricultural policy in the EU to that in the Visegrad countries during the negotiations about accession. That gearing will be determined mainly by the way in which the EU and the Visegrad countries shape their agricultural policy in the years to come. The organization of future agricultural policy may depend inter alia on the size of the costs for the EU agricultural budget that proceed from the application of the Common Agricultural Policy (CAP) in the four Visegrad countries.

This Communication examines a number of options that exist for agricultural price policy in the Visegrad countries. By means of those options three scenarios are formulated. In these scenarios the possible developments of production, of domestic consumption and of the net export position of the four Visegrad countries are estimated. Then the costs for the EU agricultural budget of the accession of the four Visegrad countries to the EU in 2000 are calculated, on the assumption that at that moment the CAP is applied in those countries. The calculated costs are compared with the results of other studies of the accession costs of the Visegrad countries to the EU.

The Hague, October 1995

The director,

L.C. Zachariasse

1. INTRODUCTION

Agricultural policy is an essential field of policy of the European Union (EU), and in each expansion of the EU coordination of agricultural policy leads to laborious negotiations. Now that the expansion of the EU with Austria, Finland and Sweden is complete, the following candidate member states are already lining up: the countries in Central and Eastern Europe. For the Visegrad countries (Hungary, Poland, the Czech Republic and Slovakia) 1) the year 2000 is mentioned as a possible date for accession. These countries are at present in a process of transition from a planned economy to a controlled market economy. The organization of agricultural policy in these countries in the years to come will greatly depend on the conditions that are set for the integration of their agricultural sector under the Common Agricultural Policy (CAP). Since market and price policy (still) forms an important element in the CAP, coordination of agricultural policy will notably be directed towards that part. The options for the price policy to be followed for the agricultural sector in the Visegrad countries vary from no price support to price support at EU level. The level of price support influences the growth rate of agricultural production in the Visegrad countries. In this Communication special attention will be devoted to the costs of accession of the Visegrad countries to the EU for the EU agricultural budget. For this purpose three scenarios are elaborated that are more or less bound up with three different levels of price support.

The structure of this Communication is as follows. In the second section a brief account is given of the state of affairs regarding the political discussions on accession of the Visegrad countries to the EU. Thereafter the agricultural economic situation in the Visegrad countries is outlined. In the fourth section the various options that exist for agricultural price policy are considered. The consequences for the growth of agricultural production for each of the options are also discussed there. In Section 5 estimates are made with the aid of three scenarios of the costs for the EU agricultural budget of accession by the Visegrad countries in the year 2000. These results are compared with the results of several other estimates of the accession costs. The Communication ends with a number of concluding remarks.

1) In the Hungarian town Visegrad a free trade agreement was concluded by these four countries on December 16, 1992. Since that date the four countries together are known as the Visegrad countries.

2. POLITICAL DISCUSSIONS ON ACCESSION

In December 1991 the EU, Poland, Hungary and Czechoslovakia¹⁾ signed 'Europe Agreements'. In January 1993 similar agreements were concluded between the EU, Bulgaria and Romania. The agreements contain cooperation in various fields and the reduction of trade barriers in the medium term. For the trade in agricultural products agreements have been made for scrapping import duties and increasing quotas.

During the European Summit in Copenhagen in June 1993 it was decided that these six countries can in principle join the EU, if they comply with certain political and economic conditions. Those conditions involve among other things that the candidate member states are able to guarantee democracy, legal order, human rights and the protection of minorities, that a functioning market economy exists, that the country must be in a position to withstand the competitive pressure in the EU and that the candidate memberstate is capable of entering into the obligations of membership (CEG, 1994b:1). In April 1994 Poland and Hungary officially submitted an application for EU membership. It is expected that within the near future a request will also be made by the Czech Republic and Slovakia, while Bulgaria and Romania will probably do so at a much later date.

At the European Summit of December 1994 in Essen expansion of the EU towards the East was again on the agenda. The government leaders of the six Central and Eastern European countries had also been invited to this Summit. The meeting did not yield much in the way of concrete results. Not a single promise was made to the East European countries as to when and how accession can take place. However, the intentions were repeated that cooperation between the Central and East European countries and the EU will be intensified in many fields. The European Commission will develop a survey in the first half of 1995, in which the possibilities for a future agricultural policy in a larger Europe are explored. This document was to be introduced during the following European Summit in Cannes (France) in June 1995.

1) Czechoslovakia was divided into the Czech Republic and Slovakia on January 1, 1993.

3. THE AGRICULTURAL ECONOMIC SITUATION IN THE VISEGRAD COUNTRIES

Enlargement of the EU with the Visegrad countries means a considerable increase in the number of inhabitants of the Union. At present 64.5 million people live in the four Visegrad countries and 346 million in the EU of the 12 (Table 3.1). Through the accession of Sweden, Finland and Austria the population of the Union increased by some 20 million with effect from 1 January 1995. Agriculture is an important economic activity in the Visegrad countries, as emerges from the share of the working population active in this sector. In Poland even more than a quarter of the working population is employed in agriculture. The share of agriculture in gross domestic product is also higher in the Visegrad countries than in the EU. Unemployment in the Visegrad countries (with the exception of the Czech Republic) is above the level of the EU. Inflation varied in 1993 from 20% in the Czech Republic to over 35% in Poland. The income level in the Visegrad countries is significantly lower than the EU average; in the Czech Republic the gross domestic product per inhabitant is 45% of the average EU level; for the other three countries the percentage is still lower.

Table 3.1 Some socio-economic data of the Visegrad countries and the EU, 1993

	Poland	Hongary	Czech Republic	Slovakia	EUR 12
Total population, mln. a)	38.6	10.3	10.3	5.3	346.2
Agricultural working polulation as a percentage of the total working population	26.9	8.1	6.5	10.3	5.8
Share of agriculture in GDP (in %)	6.5	8.9	4.5	5.5	3.1
Growth of GDP (in %)	4.0	-1.0	0.0	-4.6	-0.4
Unemployment (as a percentage of the working polulation)	15.7	12.1	3.4	14.5	11.3
Inflation (price index of GPD in %)	35.3	21.0	20.0	24.0	3.7
Index of GPD per inhabitant, EU = 100 (1991)	28	36	45	23	100

a) For EUR 12: 1992.

Sources: Baldwin, 1994; CEG, 1994a en OECD 1994a.

Since the collapse of the communist system in 1989 the Visegrad countries have been in a process of transition from a planned economy to a controlled market economy. The problems that this process poses for the agricultural sector include the following (NFU, 1994:7-8):

- (a) the decline in domestic demand for agricultural products (through the disappearance of consumer subsidies, a large demand for Western products and drop in income);
- (b) the loss of foreign markets (the former Soviet Union and other COMECON countries);
- (c) the high inflation and the exchange rate instability;
- (d) the deterioration in the terms of trade (prices of means of production rise relatively more quickly than prices realized);
- (e) the privatization of land and the poorly functioning land market;
- (f) the lack of investments;
- (g) the farms (with the exception of Poland) are too large for efficient production;
- (h) the concealed unemployment (cutting back on the labour surplus is difficult through the economic recession);
- (i) poorly functioning ancillary and processing industries.

As a result of all these problems the agricultural sector in the Visegrad countries has become thoroughly bogged down. This may be derived inter alia from the developments of production. Since the political and economic upheavals agricultural production in the four Visegrad countries has fallen (Table 3.2). The decline that became apparent in 1990 continued more strongly in 1991 and 1992. In 1993 the contraction of agricultural production was less great. This was due above all to the somewhat more favourable development of vegetable production; animal production declined further. In Poland agricultural production rose in 1993, but for the region as a whole the production contracted for the fourth year in succession. For 1994 a growth of production is expected for each of the countries, varying from 2% in Poland to 5% in Slovakia (OECD, 1994b).

Table 3.2 *Development of agricultural production in the Visegrad countries (average annual growth in %)*

	Gross agricultural production					Vegetable products 1993	Animal products 1993
	1981-85	1986-90	1991	1992	1993		
Poland	2.1	0.6	-1.6	-12.8	2.2	20.0	-12.0
Czech Republic	2.0	0.4	-8.9	-12.1	-0.8	6.4	-6.1
Slovakia	1.2	0.3	-7.4	-13.9	-7	-7	-7
Hungary	0.7	-0.4	-6.2	-20.0	-6.0	-4	-9

Source: OECD, 1994b.

Accession of the Visegrad countries means a considerable enlargement of agricultural acreage in the EU. In 1993 the area under arable farming and horticulture in the Visegrad countries was about 35% of that in the EU of the 12. The area under potatoes was no less than 130% of that in the Union. The

size of the livestock population will also increase considerably: the number of dairy cows in the Visegrad countries in 1993 was some 25% and the pig population 30% of the number of animals in the EU of the 12. In Table 3.3 production in the Visegrad countries is compared with that in the EU. Potato production stands out: in 1993 it was 90% of EU production. With the exception of wine, fruit and vegetables and sheep the production upon accession will increase by 12% or more. In connection with incomplete production data a reservation must be made for fruit and vegetables.

Table 3.3 Agricultural production in the Visegrad countries and the EU in 1993 (x 1,000 tons)

	Poland	Czech Republic	Slovakia	Hungary	Visegrad total	EU	Visegrad in % of EU
Cereals	23,500	6,396	3,152	8,389	41,437	165,147	25
Oilseeds	600	377	135	857	1,969	13,400	15
Potatoes	33,700	2,331	825	1,200	38,056	42,102	90
Sugar	1,570	429	113	222	2,334	16,264	14
Wine (x 1,000 l)	n.b.	n.b.	81	607	-	181,413	-
Fruit and Vegetables	n.b.	n.b.	n.b.	2,552	-	65,850	-
Milk	12,300	3,443	1,214	2,008	18,965	111,400	17
Beef	475	208	92	211	986	8,114	12
Sheep (x 1,000)	1,268	254	466	1,752	3,740	99,506	4
Pigmeat	1,983	476	236	817	3,512	14,745	24
Poultry meat	330	162	56	427	975	6,613	15

Source: OECD, 1994c.

4. OPTIONS FOR AN AGRICULTURAL PRICE POLICY

Before the fall of the communist system prices did not reflect scarcity relations. In the interim many consumer subsidies have been done away with, but tendencies towards a certain degree of market regulation in the agricultural policy of the Visegrad countries are also discernable. The introduction of instruments to regulate the market is stimulated above all by the prospect of future EU membership. This prospect creates a dilemma for the Visegrad countries: must agricultural policy be designed in accordance with the principles of a 'free market' or in accordance with the market and price policy of the EU? Since at this moment the precise organization of the CAP around the year 2000 is not known, nor have agreements been reached on the conditions on which the agricultural sector of the Visegrad countries is to be integrated into the CAP, the solution to this dilemma cannot be given for the time being. A number of objections adhere to the introduction of market-supporting and price-supporting measures (OECD, 1994a:20). In the first place it is risky to create mechanisms that may endanger the international competitive position. For the Visegrad countries this may notably have an adverse effect on the acquisition of a share on the East European markets. In the second place it may be expected that the market orientation of EU agricultural policy will become greater. Finally, market support leads to higher costs for consumers and taxpayers. That does not alter the fact that the Visegrad countries - just like most of the OECD countries - may have numerous considerations for supporting agricultural incomes by intervening in the operation of the market mechanism.

The choice of the instruments for agricultural policy influences the development of the agricultural sector. Successively the prospects for the agricultural sector at three different levels of price support are outlined here:

- (a) price support at the same level as the EU;
- (b) no price support;
- (c) a low level of price support: between (a) and (b).

(a) Price support at the same level as the EU

The prices of agricultural products in the Visegrad countries in 1991 were on average some 25-50% lower than in the EU (Tangermann and Josling, 1994:4-5). Since then the price differences have become smaller: in the Visegrad countries agricultural prices have by and large risen, whereas in the EU the prices of a number of important agricultural products have been reduced as part of the revision of EU agricultural policy. Nevertheless, there is still a substantial difference in price levels. Having regard to the great production potential (notably labour and land) in the Visegrad countries, adjustment of the prices to the higher EU level will lead to strong growth of agricultural produc-

tion. Income development in the agricultural sector will be relatively favourable and the shake-out of labour from the agricultural sector will proceed slowly. Probably a production surplus will occur, which will have to be exported. However, the possibilities of subsidized export are limited by the recently concluded GATT Agreement (see also Section 5.4). When the GATT Agreement forms a restriction on export possibilities, this will restrain the growth of production.

A number of further comments may be made on this variant:

- (i) The Visegrad countries can opt for high price support so as to maximize their claims to direct income allowances and production quotas upon accession to the EU.
- (ii) The costs of the agricultural policy have to be borne by the national budget of the Visegrad countries until accession to the EU. It is the question whether the countries are willing and able to bear these burdens. Moreover, GATT agreements on export and domestic support set limits to possible increase in support to the agricultural sector.
- (iii) Price support gives the wrong price signals to farmers. It leads to disturbances in the supply and to a redistribution of income between consumers and producers, which is undesirable from a political point of view in the Visegrad countries (DG-II, 1994:32-33).

(b) No price support

In this variant agricultural production in the Visegrad countries will grow less quickly than in the variant with high price support. The danger of stagnation or contraction of production is considerable, certainly when the prices give insufficient incentives for increases in production. Probably a shake-out of labour from the agricultural sector will proceed to occur. Any export surpluses can be sold without problems at world market prices. The absence of price support means that the government does not need to incur any expenditure for this policy instrument. If the government opts to support the farmers via direct income allowances, this does lead to budget costs. Upon accession to the EU the Visegrad countries - having regard to the small volume of production and the low prices - can lay claim only to small production quotas and compensatory allowances.

(c) A low level of price support between (a) and (b)

A low level of price support can be set in such a way that the prices realized compensate for the direct costs of production. The costs of cattle feed, energy, fertilizer, plant protection products and labour should be envisaged here (Nallet and Van Stolk, 1994:12). Such price support can lead in the short term to stabilization of agricultural production in the Visegrad countries and offer a basis for future production growth. It is not easy to set a price level for each product whereby the direct costs are compensated for. Moreover, the prices must be flexible enough to make it possible to adjust them to changing

circumstances (NFU, 1994:18). If the prices are set too high, the danger of overproduction threatens as under variant (a). However, if the prices are set too low, stagnation or contraction of production threatens as under variant (b). The costs of this price support must be paid by the Visegrad countries themselves up to accession to the EU.

5. COSTS OF ACCESSION FOR THE EU BUDGET

5.1 Starting points of the scenarios

The expenditure for the market and price policy of the EU is largely production-linked. The costs of accession of the Visegrad countries for the EU agricultural budget are therefore largely determined by the volume of agricultural production in the Visegrad countries. Depending on the level of price support, three possible growth paths for agricultural production have been outlined in the previous section: high growth with price support at EU level, low growth in the absence of price support and moderate growth at an intermediate level of price support. These three growth paths form the point of departure for three scenarios: a '1989' scenario, a 'low growth' scenario and a 'European Union' (EU) scenario. Each scenario leads to a different volume of agricultural production in the year 2000. In the low-growth scenario and the EU scenario no attention is paid to the price development of agricultural products in the path up to 2000; it is simply assumed that the price level upon accession leaps to the EU level.

Our own calculations are based on a large number of assumptions. First of all a number of general starting points are given. Then the specific assumptions are stated that form the basis for the calculations of the three scenarios.

General

- Accession takes place in the year 2000.
- The agricultural sector in the Visegrad countries is supported in the same way as that in the EU after accession.
- The calculated costs for the EU agricultural budget are the costs in the first year of accession; the developments that (possibly) occur after accession are not taken into account.
- The analysis is confined to the following products: wheat, feed grain, oil seeds, sugar, milk (dairy produce), beef and veal, and sheepmeat. Some 70% of the agricultural budget (Guarantee section) is involved with the EU market regulations for these products.
- The obligations that the Visegrad countries have entered into under the GATT Uruguay Round have not been considered. Consequently, no allowance has been made for possible restrictions that these obligations could impose on the future agricultural policy in the Visegrad countries, nor the implications of the GATT agreements for the accession of these countries to the EU.

Assumptions with the three scenarios

The supply developments differ per scenario. The assumptions forming the basis of those supply developments are shown in Table 5.1.

Table 5.1 Assumptions with regard to the area, the livestock population and the rise in productivity in the three scenarios

	1989	Low growth	EU
Area (level)	1989	1993	1993
Livestock population (level)	1989	1993	1993
Rise in productivity (in % per year)			
arable	restoration of 1989 level	1.25	2.5
milk	restoration of 1989 level	0.5	1
meat	restoration of 1989 level	1	2

The growth of productivity in the EU scenario corresponds to the long-term growth percentages of the EU. The low-growth scenario is based on half of the trend productivity growth in the EU.

With regard to the developments of demand and trade the same assumptions have been used for all three scenarios:

- the consumption per head grows in each of the Visegrad countries by 1.5% per year. This is half of the income growth, which is estimated at an average 3% per year for the period up to and including the year 2000;
- the total consumption growth is determined by the growth of the consumption per head and the population growth. The latter is assumed to develop in accordance with the trend of the eighties (FAO Agrostat). Per country the annual population growth rate differs (Poland: +0.6%, Czech Republic: +0.2%, Slovakia: +0.2% and Hungary: +0.3%);
- the most recent data on the consumption of cereals for cattle feed are those of 1990 (FAO Agrostat). Taking into account the contraction of the livestock population and assuming that the consumption per animal has remained constant (no increase in feed efficiency), the volume of the consumption of feed grain in 1993 has been calculated. Then the consumption of feed grain (including feed wheat) has been assumed constant because the size of the livestock populations in respect of 1993 does not change;
- production minus domestic consumption gives the net export situation. The average share of exports to the EU and the EFTA countries in 1992 and 1993 per Visegrad country is known (OECD, 1994c) and thus also the percentage of export that goes to other regions. The distribution of export among the regions in the world is assumed to be constant in the course of time. Then the share of exports that go to the non-EU countries

at the time of accession can be determined. For those exports export refunds must be paid.

- in determining the EU support amounts per ton the effect of the MacSharry policy is assumed to continue in full up to and including 1996. This policy is assumed to be continued until the year 2000. Cereals are subject to a direct income allowance of 45 ECU 1) per ton, and the export refund per ton amounts to 5 ECU (this is the difference between the EU intervention price and the world market price; for the development of the international prices see Van Berkum, 1994). Oilseeds are supported by means of a direct income allowance: the present allowance of 163 ECU per ton is raised annually by 1.3% on account of an assumed fall in the world market price for oilseeds. The EU support to sugar is determined by dividing the intervention expenditure of 1993 (CEG, 1994c) among the total A and B sugar production; the export support is determined by dividing the restitution expenditure into the exports of A and B sugar 2). The same method has been followed for the support amounts for milk and beef and veal. The ewe premium is 30 ECU per sheep.

5.2 Calculations

The costs of accession have been calculated by multiplying the volume of production (per product) by the direct income allowance or intervention support with the addition of export to non-EU countries multiplied by the calculated export support. The scenario with the low productivity development entails 4.1 billion ECU in costs for the seven products under consideration here. The '1989' scenario costs the most for the EU agricultural budget, viz 5.3 billion ECU. The EU scenario requires for these products 4.5 billion in extra costs for the EU agricultural budget (see Appendix, Table 8A).

Not all agricultural products have been included in the study: the analysis has been confined to the products whose market regulations in the EU cover about 70% of the agricultural budget. To obtain a picture of the total costs of accession for the EU agricultural budget it is assumed that the products in the Visegrad countries involved in the analysis also correspond to 70% of the total costs. The results of the scenarios, multiplied by 1.42 (= 10/7), then give an esti-

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- 1) The amount of the allowance is expressed in green ECUs. For the conversion to budget or market ECUs a factor of 1.207 must be used. The allowance of 45 ECU leads to a budget expenditure of $45 \times 1.207 = 54$ ECU. In the calculations the allowances (for cereals and oilseeds, as also the ewe premium) have been converted into amounts in budget ECUs (see also Appendix, Table 7).
 - 2) The net expenditure on the sugar market regulation against the EU agricultural budget is much less, because the producers pay charges and contributions to 'Brussels'. These charges and contributions amount to some 60-65% of EU expenditure on the sugar sector.

mate of the total costs (Table 5.2). Upon accession of these countries in the year 2000 the low-growth scenario leads to an increase in EU agricultural expenditure of nearly 5.9 billion ECU. In the EU scenario the costs of accession for the EU agricultural budget will amount to 6.4 billion ECU. In the event that the Visegrad countries manage to regain the 1989 production level, this means 7.6 billion ECU in expenditure for the EU agricultural budget. Related to the total expenditure for EU market and price policy of 34.7 billion ECU in 1993, the '1989' scenario means an increase in expenditure of 22%. This percentage is smaller if account is taken of the (expected) growth of agricultural expenditure as a result of the MacSharry reforms and the enlargement of the Union by three new member states in 1995. The commission expects that European Agriculture Guidance and Guarantee Fund expenditure (Guarantee section) will amount in 1999 to approx. 39.8 billion ECU (CEG, 1993).

5.3 Discussion of the results

The accession of Poland entails the most costs for the EU agricultural budget, followed by Hungary, the Czech Republic and Slovakia. The accession of Hungary to the EU requires somewhat less than half of the costs bound up with the accession of Poland (Table 5.2).

Table 5.2 Costs of accession per country and total (in million ECU)

Scenario	Poland	Czech Republic	Slovakia	Hungary	Total
1989	3,779	1,166	564	2,109	7,618
Low growth	3,070	951	446	1,400	5,866
EU	3,344	1,061	490	1,519	6,414

Source: Appendix, Table 8A.

The main thrust of the costs lies with the cereals, notably the feed grain: in each of the three scenarios the cereals claim some 60% of the costs (Table 5.3). The support for milk (dairy produce) amounts to approx. 15% of the costs, followed by that for beef and oil seeds. The support for sugar and sheep costs relatively little. The greater part of the support will be given in the form of allowances and/or price support. For some products (cereals and beef) the volume of export in relation to production is considerable. But the exports of the Visegrad countries are (and remain) largely directed towards the EU, so that the costs of support for export to non-EU countries will be small (see also Appendix, Table 8A).

The results are naturally closely connected with the assumptions that form the basis for the scenarios. The extent to which productivity is assumed to increase in the EU scenario corresponds to the long-term trend in the EU.

Table 5.3 Costs of accession per product (in million ECU)

Scenario	Wheat	Feed grain	Oilseeds	Sugar	Milk	Beef	Sheep
1989	1,174	1,818	660	150	756	692	83
Low growth	968	1,506	468	135	537	424	67
EU	1,057	1,643	510	179	556	476	67

Source: Appendix, Table 8B.

Since productivity in the four Visegrad countries fell practically without exception for all products in the period 1989-1993, it is the question whether the assumed productivity growth in the EU scenario can be attained. On the other hand, a catching-up effort of a low level with a (temporarily) high productivity growth is also conceivable. The low-growth scenario assumes a productivity growth that amounts to half of that in the EU scenario. The extent to which production and productivity have declined in recent years is evident from the '1989' scenario. In this scenario it is assumed that agricultural production in 2000 is at the same level again as in 1989 (before the upheaval). Production in the '1989' scenario works out higher in the year 2000 than that in the EU scenario. This is partly caused by the fact that the rise in productivity in the EU scenario relates to the area and the livestock populations of 1993, which are lower than those of 1989. Particularly on account of the strong contraction of the livestock populations in the Visegrad countries since 1989 (on average some 20%), it will be very difficult in the year 2000 to achieve restoration of animal production to the 1989 level. For a large number of products it proves moreover that the production per hectare or per animal in 1989 is higher than that which ought to be achieved in the year 2000 according to the EU scenario (Appendix, Table 2). Restoration to the production level of 1989 requires in many cases a stronger productivity growth in the years to come than has been attained on average in the EU. In view of the many problems with which agriculture in the Visegrad countries is wrestling and the limited financial means of the governments, it does not seem probable that so strong an increase in productivity can be achieved before 2000.

The additional expenditure on export support is low upon accession, because exports from the Visegrad countries to non-EU countries are limited. This comes about largely through their strong export orientation towards the EU market. The volume of exports from the Visegrad countries to the EU is also increasing. The possibility exists that as a result EU products will be ousted from the internal EU market. The result may be that EU export to third countries will have to increase so as to maintain sales potential for its own producers. This makes it possible that expenditure on export refunds will increase more than has been calculated in the scenarios.

One of the starting points of the calculations is that accession takes place in the year 2000. It is the question whether that is a realistic date (see for instance also the contributions to the Agra Europe Conference, 1994). The volume of agricultural production in the Visegrad countries will further grow after

2000 and the costs of accession to the EU will rise as a result. To give an idea of what the consequences of accession at a later date are for the EU agricultural budget, an extrapolation has been performed of the EU scenario up to and including the year 2005. The costs of accession are in that case 8.0 billion ECU for all agricultural products, which is a quarter more than for accession of the Visegrad countries in 2000.

5.4 Comparison with results of other studies

How do the figures calculated by us for accession of the Visegrad countries to the EU compare with calculations in other studies? Here the calculations of Tangermann and Josling, Brenton and Gros and Anderson and Tyers are briefly elucidated.

With the aid of the European Simulation Model developed by the Economic Research Service of the US Department of Agriculture, Tangermann and Josling estimate the costs of accession of the Visegrad countries for the EU agricultural budget in 2000 at 13.3 billion ECU (Tangermann and Josling, 1994:39). In this calculation the authors start from a gradual adjustment of the price level in the Visegrad countries to the level of the EU. The EU prices in 2000 have been calculated by reducing the prices of the MacSharry reform in 1995/96 annually in real terms by 1%. This calculation means that above all the prices of sugar, milk and beef in the Visegrad countries will rise sharply. This price policy results in surpluses of cereals, sugar, beef, pigmeat and butter. Export of these surpluses requires 3.3 billion ECU. Additional to this is a further 5.7 billion ECU in intervention expenditure and 4.3 billion ECU in direct income support.

Tangermann and Josling foresee major problems when the Visegrad countries elect to raise their price levels for agricultural products gradually to the level of the EU in the year 2000. Food prices rise too quickly in proportion to incomes and such a price policy will exceed the financial capacity of the governments of each of the four countries. But, according to the authors, the most obstructive factor will be the GATT obligations that the Visegrad countries entered into upon signature of the GATT Agreement in 1994. By expressing the obligations with regard to the reduction of domestic support, import duties and export subsidies in their own currency, and the strong inflation that has occurred in the first years of the transitional process in the Visegrad countries, there is little or no scope left for raising the price level (Tangermann and

Josling, 1994:41-43) 1). The Visegrad countries are therefore obliged to follow a policy of low price support until the moment of accession. According to Tangermann and Josling the degree of support in 1993/94 is in itself too great a burden for the government budgets and the economies of the Visegrad countries. They therefore advocate a reduction in the level of support in the years to come, as a result of which the costs of agricultural policy in the Visegrad countries would even fall. However, Tangermann and Josling do not work out what the consequences are of such a policy for the costs for the EU agricultural budget upon accession 2).

According to the calculations of Brenton and Gros (1993), the costs of accession of the Visegrad countries for the EU agricultural budget amount to some 17 billion ECU in 2000. They assume application of EU prices and allowances in the Visegrad countries and such a rise in agricultural production in the Visegrad countries that half of the present difference in production per animal and per hectare between the Visegrad countries and regions with comparable climatic conditions in the EU is bridged.

Anderson and Tyers (1993) estimate the additional costs of accession of the Visegrad countries for the EU budget in 2000 at 37.6 billion ECU. This estimate is based on a projection with a dynamic simulation model of the world food market with seven product groups. Anderson and Tyers start from the prices and income allowances in the EU after full implementation of the MacSharry reform. These levels also apply to the farmers in the Visegrad countries. Animal production in particular rises in the Visegrad countries and considerable export surpluses occur.

Our estimates of the costs of accession of the Visegrad countries for the EU budget are (considerably) lower than the estimates of Tangermann and Josling, of Brenton and Gros and of Anderson and Tyers. The differences between the various calculations are in the first place caused by differing assumptions about the reaction of the producers in the candidate member states to the raising of prices to the EU level in the year 2000. According to Tangermann and Josling agricultural production in the Visegrad countries will already have

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- 1) There is, however, a difference between the Visegrad countries. Hungary, the Czech Republic and Slovakia drew up their offer on the reduction of support, import duties and export subsidies in national currencies. Poland, on the other hand, created more policy scope for itself by expressing its GATT offer in dollars and ECUs (see also Tangermann and Josling, 1994: Appendix II). For the rest the Visegrad countries can make an appeal to Article 18(4) of the GATT Agreement, in which mention is made of raising the AMS, expressed in national currency, if there are 'excessive rates of inflation'. However, whether that is permitted depends on the interpretation of the article.
 - 2) This is also bound up with their expectation that at the moment of accession of the Visegrad countries to the Union the CAP will be revised (Tangermann and Josling 1994: 47-50). They discuss a number of options for policy adjustments in the EU.

reached the average level of 1989-1991 in 1998, after which the growth of production continues at a fast rate. Anderson and Tyers too foresee a strong growth of agricultural production in the Central European countries. The growth of animal products in particular will be stimulated by the price policy. In the year 2000 the production of pigmeat and poultry meat will be a third, that of beef nearly half and that of dairy produce over two thirds greater than in respect of a situation in which the Visegrad countries do not use EU prices. According to Anderson and Tyers the increase in production must be exported practically in its entirety to the world market, through which - in addition to price support and direct income allowances - extensive export refunds will be necessary. In comparison to the studies referred to here our estimates of the stimulating effect of higher prices on production are somewhat more cautious. We base ourselves thereby on the present, not very rosy position of the agricultural sector in the Visegrad countries, and the problems that the sector must overcome to get growth and development going (see also Section 3 and Section 5.3) 1). True, some recovery is becoming apparent, but a few elementary constraints (for instance with regard to tenure, market structure, government policy, monetary stability and the like) for a well-functioning market economy are absent or not (yet) working.)

The results of the various studies on the costs of accession of the Visegrad countries to the EU differ greatly. Because the studies are based on different assumptions, a difference in the size of the estimated costs is self-evident. The difference found here in the estimates of the accession costs of 30 billion ECU (the lowest estimate of 7.6 billion ECU in our calculation as against the highest estimate of 37.6 billion ECU by Anderson and Tyers) is very considerable and is in the order of size of the present EU agricultural budget. On the strength of the available papers and references it is difficult to establish exactly what the causes of the great differences are. The reporting is usually too concise for that. Doubtless, having regard to the importance of this to the future of the CAP, in the near future more studies on this subject will be published. Through further analysis and comparison of the points of departure in the various calculations, these can provide more clarity in the differences in the estimated costs of accession of the Visegrad countries to the EU.

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- 1) Buckwell et al. (1994: 43-44) also strongly doubt a rapid supply reaction to price rises in the East European countries. Structural adjustments and technological changes are according to them of greater influence on production developments than price changes.

6. CONCLUDING REMARKS

There are many snags in designing a price policy for agriculture in the Visegrad countries, partly because at present it is not known which conditions apply to the integration of the agricultural sector of the Visegrad countries into the CAP. A high level of price support stimulates agricultural production in the Visegrad countries, which causes their claims to production quotas and compensatory allowances upon accession to the EU to grow. However, such price support leads to high government expenditure, may endanger the competitive position and is inefficient in economic terms. Moreover, it is also the question to what extent such a price policy meshes with the obligations that proceed from the GATT Agreement. If the Visegrad countries do not apply price support in the agricultural sector, the threat of stagnation or even contraction of agricultural production arises. Upon accession to the EU only limited claims to production quotas can be made. This policy does not entail any additional expenditure for the Visegrad countries and does not lead to disturbances of the market mechanism.

The costs of accession of the Visegrad countries in the year 2000 to the EU for the EU agricultural budget estimated in this memorandum vary from 5.9 billion ECU to 7.6 billion ECU. This estimate is lower than the estimates by Tangermann and Josling (13.3 billion ECU), Brenton and Gros (17 billion ECU) and Anderson and Tyers (37.6 billion ECU). The differences in estimated costs can be explained by the different points of departure that have been used.

If internal forces in the EU do not lead to a further reform of the CAP, external factors may give rise to this. These include the costs that are connected with the extension of the CAP to Central and East European countries. According to our calculations, those costs prove for the time being to be better than expected. However, if agricultural production in the Visegrad countries grows further, the costs can attain a greater size.

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APPENDIX (TABLES)

Table B.7. Area (x 1,000 ha) and livestock population (mil.) in 1989 and 1993

	Poland		Czech Republic		Slovakia		Hungary	
	1989	1993	1989	1993	1989	1993	1989	1993
Sheep	4,469	1,568	430	324	848	886	5,516	725
of which dairy cows	4,884	4,000	1,348	915	268	434	863	497
Cattle	10,773	7,400	1,481	1,213	1,286	1,203	1,680	1,129
Livestock populations								
Sugar	422	440	173	107	22	34	150	100
Oilseeds	283	380	193	187	82	84	478	500
Feed grain	8,183	2,934	834	804	408	438	1,224	1,720
Wheat	3,192	2,200	828	780	410	397	1,245	925

Source: see Table B.1

Source: OECD country reports September 1994

to 1993

	Poland		Czech Republic		Slovakia		Hungary	
	1989	1993	1989	1993	1989	1993	1989	1993
Shear meat	38	38	0	0	0	5	44	39
Rest and rest	320	472	573	598	108	95	378	311
Milk	12,926	13,300	4,883	3,442	1,992	1,314	3,739	2,008
Sugar	14,378	12,700	4,487	4,587	1,877	1,158	2,307	1,219
Oilseeds	1,287	809	313	377	147	132	970	823
Feed grain	18,486	12,500	3,703	3,028	1,884	1,624	8,276	2,339
Wheat	8,483	8,300	4,080	3,370	2,388	1,729	6,240	3,020

Table B.1. Agricultural production in the Visegrad countries in 1989 and 1993 (x 1,000 tons)

*Table B.1 Agricultural production in the Visegrad countries in 1989 and 1993
(x 1,000 tons)*

	Poland		Czech Republic		Slovakia		Hungary	
	1989	1993	1989	1993	1989	1993	1989	1993
Wheat	8,462	8,300	4,090	3,370	2,266	1,529	6,540	3,050
Feed grain	18,496	15,200	3,703	3,026	1,984	1,624	8,876	5,339
Oilseeds	1,597	600	313	377	147	135	970	857 a)
Sugar	14,374	15,700	4,497	4,287	1,877	1,128	5,301	2,219
Milk	15,926	12,300	4,893	3,445	1,995	1,214	2,779	2,008
Beef and veal	720	475	273	208	108	92	278	211
Sheepmeat	38	30	0	0	6	2	44	39

a) 1992.

Source: OECD country reports, September 1994.

Table B.2 Area (x 1,000 ha) and livestock populations (x 1,000 animals) in the Visegrad countries, in 1989 and 1993

	Poland		Czech Republic		Slovakia		Hungary	
	1989	1993	1989	1993	1989	1993	1989	1993
Areas								
Wheat	2,195	2,500	828	790	410	397	1,242	992
Feed grain	6,182	5,934	834	804	408	438	1,554	1,750
Oilseeds	583	360	103	167	65	84	476	500
Sugar	423	440	127	107	55	33	120	100
Livestock populations								
Cattle	10,773	7,400	3,481	2,512	1,594	1,203	1,690	1,159
of which dairy cows	4,994	4,000	1,248	932	568	434	663	497
Sheep	4,409	1,268	430	254	648	466	2,216	752

Source: see Table B.1.

Table B.3 Productivity levels in the Visegrad countries in 1989 and 1993 and projections of the productivity levels according to the low-growth and EU scenarios in 2000

	Attained		EU scenario	Low-growth scenario
	1989	1993	2000	2000
Poland				
Wheat (t/ha)	3.86	3.32	3.95	3.62
Feed grain (t/ha)	2.99	2.56	3.04	2.79
Oilseeds (t/ha)	2.74	1.67	1.98	1.82
Sugar (t/ha)	33.98	35.68	42.41	38.92
Milk (lt/cow)	3,189	3,075	3,297	3,184
Czech Republic				
Wheat (t/ha)	4.94	4.27	5.07	4.65
Feed grain (t/ha)	4.44	3.76	4.47	4.11
Oilseeds (t/ha)	3.04	2.26	2.68	2.46
Sugar (t/ha)	35.41	40.07	47.63	43.71
Milk (lt/cow)	3,921	3,696	3,963	3,828
Slovakia				
Wheat (t/ha)	5.53	3.85	4.58	4.20
Feed grain (t/ha)	4.86	3.71	4.41	4.04
Oilseeds (t/ha)	2.26	1.61	1.91	1.75
Sugar (t/ha)	34.13	34.18	40.63	37.29
Milk (lt/cow)	3,512	2,797	2,999	2,897
Hungary				
Wheat (t/ha)	5.27	3.07	3.65	3.35
Feed grain (t/ha)	5.71	3.05	3.63	3.33
Oilseeds (t/ha)	2.04	1.71	2.04	1.87
Sugar (t/ha)	44.18	22.19	26.38	24.21
Milk (lt/cow)	4,192	4,040	4,332	4,184

Table B.4 Production in the Visegrad countries in 2000 in accordance with the three scenarios (x 1,000 tons)

	EU scenario	Low-growth scenario	'1989' scenario
Poland			
Wheat	9,866	9,054	8,462
Feed grain	18,068	16,581	18,496
Oilseeds	713	655	1,597
Sugar	18,662	17,126	14,374
Milk	13,187	12,737	15,926
Beef/veal	546	509	720
Sheepmeat	34	32	38
Czech Republic			
Wheat	4,006	3,676	4,090
Feed grain	3,597	3,301	3,703
Oilseeds	448	411	313
Sugar	5,096	4,676	4,497
Milk	3,694	3,567	4,893
Beef/veal	239	223	273
Sheepmeat	0	0	0
Slovakia			
Wheat	1,818	1,668	2,266
Feed grain	1,930	1,772	1,984
Oilseeds	160	147	147
Sugar	1,341	1,230	1,877
Milk	1,302	1,257	1,995
Beef/veal	106	99	108
Sheepmeat	3	3	6
Hungary			
Wheat	3,625	3,327	6,540
Feed grain	6,346	5,824	8,876
Oilseeds	1,019	935	970
Sugar	2,638	2,421	5,301
Milk	2,153	2,079	2,779
Beef/veal	242	226	278
Sheepmeat	45	42	44

Table B.5 Consumption of agricultural products per head in 1993 and a projection of the consumption per head and total consumption in 2000 in the Visegrad countries

	Consumption in kg/head		Total consumption (x 1,000 tons) 2000
	1993	2000	
Poland			
Meat, total	63.9	70.9	2,855
of which beef	12.6	14.0	563
Milk (in litres)	208	230.8	9,292
Butter	4.9	5.4	219
Cheese	.	.	.
Sugar (white)	38	42.2	1,698
Wheat, for human consumption	.	.	5,652
Wheat, for cattle feed	.	.	2,858
Feed grain	.	.	11,430
Oilseeds	.	.	760
Czech Republic			
Meat, total	84.6	93.9	981
of which beef	19.7	21.9	228
Milk (in litres)	76	84.3	881
Butter	5.3	5.9	61
Cheese	6.1	6.8	71
Sugar (white)	39	43.3	452
Wheat, for human consumption	.	.	1,283
Wheat, for cattle feed	.	.	2,246
Feed grain	.	.	2,082
Oilseeds	.	.	370
Slovakia			
Meat, total	64.7	71.8	386
of which beef	14.4	16.0	86
Milk (in litres)	88.4	98.1	527
Butter	4.1	4.6	24
Cheese	5.3	5.9	32
Sugar (white)	.	.	.
Wheat, for human consumption	.	.	558
Wheat, for cattle feed	.	8	1,096
Feed grain	.	.	1,016
Oilseeds	.	.	185

Table B.6 Projections of the production, consumption and net export in the Visegrad countries in 2000 in accordance with the three scenarios (x 1,000 ton)

	Production			Consumption		Net export total			Net export to non-EU		
	1989	low	EU	EU		1989	low	EU	1989	low	EU
Poland											
Wheat	8,462	9,054	9,866	8,510		-48	544	1,356	0	163	407
Feed grain	18,496	16,581	18,068	11,430		7,066	5,151	6,638	2,120	1,545	1,991
Oilseeds	1,597	655	713	760		837	-105	-47	251	0	0
Sugar (white)	1,437	1,713	1,866	1,698		-261	15	168	0	4	50
Milk (x 1,000)	15,926	12,737	13,187	16,121		-195	-3,384	-2,934	0	0	0
Beef/veal	720	509	546	563		157	-54	-17	47	0	0
Sheepmeat	38	32	34								
Czech Republic											
Wheat	4,090	3,676	4,006	3,529		561	147	477	337	88	286
Feed grain	3,703	3,301	3,597	2,082		1,621	1,219	1,515	973	731	909
Oilseeds	313	411	448	370		-57	41	78	0	25	47
Sugar (white)	450	468	510	452		-2	16	58	0	9	35
Milk (x 1,000)	4,893	3,567	3,694	4,602		291	-1,035	-908	175	0	0
Beef/veal	273	223	239	228		45	-5	11	27	0	7
Sheepmeat											
Slovakia											
Wheat	2,266	1,668	1,818	1,654		612	14	164	367	8	98
Feed grain	1,984	1,772	1,930	1,016		968	756	914	581	454	548
Oilseeds	147	147	160	185		-38	-38	-25	0	0	0
Sugar (white)	188	123	134	210		-22	-87	-76	0	0	0
Milk (x 1,000)	1,995	1,257	1,302	2,375		-380	-1,118	-1,073	0	0	0
Beef/veal	108	99	106	86		22	13	20	13	8	12
Sheepmeat	6	3	3								

Units: e.g. (Czechia)

Table B.6 (Continue)

	Production			Consumption	Net export total			Net export to non-EU		
	1989	low	EU		1989	low	EU	1989	low	EU
Hungary	128	153	134	510	53	58	0	0	0	
Wheat	6,540	3,327	3,625	1,743	4,797	1,584	1,882	2,159	713	
Feed grain	8,876	5,824	6,346	7,225	1,651	-1,401	-879	743	0	
Oilseeds	970	935	1,019	880	90	55	139	41	25	
Sugar (white)	531	242	264	444	86	-202	-180	39	0	
Milk (x 1,000)	2,779	2,079	2,153	2,485	294	-406	-332	132	0	
Beef/veal	278	226	242	83	195	143	159	88	64	
Sheepmeat	44	42	45	53	42	52	13	53	72	
Other meats	420	408	210	425	5	12	28	6	32	
Other products	318	311	418	330	23	41	38	0	33	
Wheat (durum)	2,103	1,221	1,231	5,095	1,251	7,718	1,212	2,231	3,221	
Wheat (soft)	4,000	3,632	4,050	3,958	264	153	651	333	85	
Barley	30	33	34	263	121	-24	-13	91	0	
Oats	330	262	258	18	432	3,384	3,839	0	0	
Maize for silage	12,030	13,711	13,783	18,131	432	3,384	3,839	0	0	
Maize for grain	1,231	1,211	1,308	1,023	501	12	128	0	70	
Soybeans	4,231	422	313	360	33	108	43	321	0	
Other oilseeds	18,002	12,291	18,062	11,150	3,002	2,121	878	3,150	1,202	
Other grains	6,005	8,034	8,928	6,240	39	304	1,548	0	191	
Other products	1,495	1,006	811	1,486	1,486	208	130	1,380	17	
Other products	1,495	1,006	811	1,486	1,486	208	130	1,380	17	

Tabel B.7 Support to EU agriculture per instrument, in ECU a) per ton

	Allowance	Export support	Intervention support
Wheat	54	5	-
Feed grain	54	5	-
Oilseeds	218	-	-
Sugar	-	450	51
Milk	-	183	27
Beef and veal	-	1,711	284
Sheepmeat (premium per ewe)	36	-	-

a) The allowances, which are usually expressed in 'green' ECU, have been converted here into ordinary ECU.

Source: own calculations (see Section 5.1) and CEG, 1994c.

Table B.8A Costs of accession of the Visegrad countries for selected products in the 3 different scenarios in 2000 (in million ECU)

	Total			Domestic support			Export support		
	1989	low	EU	1989	low	EU	1989	low	EU
Poland									
Wheat	460	493	538	460	492	536	0	1	2
Feed grain	1,015	908	991	1,005	901	981	11	8	10
Oilseeds	348	143	155	348	143	155	0	0	0
Sugar	73	89	117	73	87	95	0	2	23
Milk	436	348	361	436	348	361	0	0	0
Beef/veal	285	145	155	205	145	155	81	0	0
Sheep	28	23	23	28	23	23	0	0	0
Subtotal	2,645	2,149	2,341	2,554	2,138	2,306	91	11	35
Czech Republic									
Wheat	224	200	219	222	200	218	2	0	1
Feed grain	206	183	200	201	179	195	5	4	5
Oilseeds	68	90	98	68	90	98	0	0	0
Sugar	23	28	41	23	24	26	0	4	16
Milk	166	98	101	134	98	101	32	0	0
Beef/veal	124	63	79	78	63	68	46	0	11
Sheep	6	5	5	6	5	5	0	0	0
Subtotal	816	666	743	731	658	710	85	8	33

Table B.8A (Continue)

	Total			Domestic support			Export support		
	1989	low	EU	1989	low	EU	1989	low	EU
Slovakia									
Wheat	125	91	99	123	91	99	2	0	0
Feed grain	111	99	108	108	96	105	3	2	3
Oilseeds	32	32	35	32	32	35	0	0	0
Sugar	10	6	7	10	6	7	0	0	0
Milk	55	34	36	55	34	36	0	0	0
Beef/veal	53	41	51	31	28	30	23	13	21
Sheep	10	8	8	10	8	8	0	0	0
Subtotal	395	312	343	368	296	319	27	16	24
Hungary									
Wheat	366	184	201	355	181	197	11	4	4
Feed grain	486	316	345	482	316	345	4	0	0
Oilseeds	211	204	222	211	204	222	0	0	0
Sugar	44	12	13	27	12	13	17	0	0
Milk	100	57	59	76	57	59	24	0	0
Beef/veal	229	174	191	79	64	69	150	110	122
Sheep	39	32	32	39	32	32	0	0	0
Subtotal	1,476	980	1,063	1,270	866	936	206	114	127
Total of above products	5,333	4,106	4,490	4,923	3,958	4,272	410	148	218
Czech Republic									
Wheat	125	91	99	123	91	99	2	0	0
Feed grain	111	99	108	108	96	105	3	2	3
Oilseeds	32	32	35	32	32	35	0	0	0
Sugar	10	6	7	10	6	7	0	0	0
Milk	55	34	36	55	34	36	0	0	0
Beef/veal	53	41	51	31	28	30	23	13	21
Sheep	10	8	8	10	8	8	0	0	0
Subtotal	395	312	343	368	296	319	27	16	24
Poland									
Wheat	125	91	99	123	91	99	2	0	0
Feed grain	111	99	108	108	96	105	3	2	3
Oilseeds	32	32	35	32	32	35	0	0	0
Sugar	10	6	7	10	6	7	0	0	0
Milk	55	34	36	55	34	36	0	0	0
Beef/veal	53	41	51	31	28	30	23	13	21
Sheep	10	8	8	10	8	8	0	0	0
Subtotal	395	312	343	368	296	319	27	16	24
Subtotal	1,476	980	1,063	1,270	866	936	206	114	127
Total of above products	5,333	4,106	4,490	4,923	3,958	4,272	410	148	218

Table B.8B Costs of accession of the Visegrad countries in the three different scenarios in 2000 (in million ECU)

	Wheat	Feed grain	Oilseeds	Sugar	Milk	Beef	Sheepmeat	Subtotal a)	Total b)
'1989' scenario									
Poland	460	1,015	348	73	436	285	28	2,645	3,779
Czech Republic	224	206	68	23	166	124	6	816	1,166
Slovakia	125	111	32	10	55	53	10	395	565
Hungary	366	486	211	44	100	229	39	1,476	2,108
Total	1,174	1,818	660	150	756	692	83	5,333	7,618
Low-growth scenario									
Poland	493	908	143	89	348	145	23	2,149	3,070
Czech Republic	200	183	90	28	98	63	5	666	952
Slovakia	91	99	32	6	34	24	8	312	445
Hungary	184	316	204	12	57	174	32	980	1,399
Total	968	1,506	468	135	537	424	67	4,106	5,866
EU scenario									
Poland	538	991	155	117	361	155	23	2,341	3,344
Czech Republic	219	200	98	41	101	79	5	743	1,061
Slovakia	99	108	35	7	36	51	8	343	490
Hungary	201	345	222	13	59	191	32	1,063	1,519
Total	1,057	1,643	510	179	556	476	67	4,490	6,414

a) Subtotal relates to the 7 products distinguished here: b) Total refers to the total costs that have been calculated by multiplying the subtotal by 10/7.

With the aid of three scenarios estimates are made of the costs of accession of the four Visegrad countries in the year 2000 for the EU agricultural budget. These scenarios come about by means of a brief discussion of various options that exist for agricultural (price) policy in the Central European countries in question. The results of these calculations are compared with the results of some other estimates of accession costs.

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